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**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re :
:
SEARS HOLDINGS CORPORATION, et al., :
:
:
Debtors.¹ :
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DECLARATION OF MOHSIN Y. MEGHJI

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are as follows: Sears Holdings Corporation (0798); Kmart Holding Corporation (3116); Kmart Operations LLC (6546); Sears Operations LLC (4331); Sears, Roebuck and Co. (0680); ServiceLive Inc. (6774); SHC Licensed Business LLC (3718); A&E Factory Service, LLC (6695); A&E Home Delivery, LLC (0205); A&E Lawn & Garden, LLC (5028); A&E Signature Service, LLC (0204); FBA Holdings Inc. (6537); Innovel Solutions, Inc. (7180); Kmart Corporation (9500); MaxServ, Inc. (7626); Private Brands, Ltd. (4022); Sears Development Co. (6028); Sears Holdings Management Corporation (2148); Sears Home & Business Franchises, Inc. (6742); Sears Home Improvement Products, Inc. (8591); Sears Insurance Services, L.L.C. (7182); Sears Procurement Services, Inc. (2859); Sears Protection Company (1250); Sears Protection Company (PR) Inc. (4861); Sears Roebuck Acceptance Corp. (0535); Sears, Roebuck de Puerto Rico, Inc. (3626); SYW Relay LLC (1870); Wally Labs LLC (None); SHC Promotions LLC (9626); Big Beaver of Florida Development, LLC (None); California Builder Appliances, Inc. (6327); Florida Builder Appliances, Inc. (9133); KBL Holding Inc. (1295); KLC, Inc. (0839); Kmart of Michigan, Inc. (1696); Kmart of Washington LLC (8898); Kmart Stores of Illinois LLC (8897); Kmart Stores of Texas LLC (8915); MyGofer LLC (5531); Sears Brands Business Unit Corporation (4658); Sears Holdings Publishing Company, LLC. (5554); Sears Protection Company (Florida), L.L.C. (4239); SHC Desert Springs, LLC (None); SOE, Inc. (9616); StarWest, LLC (5379); STI Merchandising, Inc. (0188); Troy Coolidge No. 13, LLC (None); BlueLight.com, Inc. (7034); Sears Brands, L.L.C. (4664); Sears Buying Services, Inc. (6533); Kmart.com LLC (9022); Sears Brands Management Corporation (5365); and SRe Holding Corporation (4816). The location of the Debtors' corporate headquarters is 3333 Beverly Road, Hoffman Estates, Illinois 60179.

I, Mohsin Meghji, make this declaration under 28 U.S.C. § 1746:

1. My name is Mohsin Y. Meghji. I am over the age of 18 and competent to testify.

2. I submit this declaration (“**Declaration**”) in support of the Debtors’ Motion for Turnover of Estate Property (“**Motion**”).²

3. I am the Chief Restructuring Officer (“**CRO**”) of Sears Holdings Corporation and its affiliated debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the “**Debtors**” and, together with their non-debtor affiliates, the “**Company**” or “**Sears**”). I am also the Managing Partner of M-III Advisory Partners, LP (“**M-III**”). In October 2018, Sears retained M-III to provide the Debtors with a CRO and to provide the Debtors and their other professionals with financial advisory services in connection with the Company’s evaluation and development of strategic alternatives to wind-down and liquidation.

4. As CRO, I am responsible for carrying out the Debtors’ chapter 11 strategy and objectives, including liquidity management. I am knowledgeable about and familiar with the Debtors’ day-to-day operations, business and financial affairs, books and records, and the circumstances leading to the commencement of these chapter 11 cases and the sale of the business as a going concern. I have more than 25 years of financial restructuring, interim management, turnaround, and management consulting experience across a wide variety of industries, including, but not limited to, the retail and real-estate industries.

5. Except as otherwise indicated, all statements in this Declaration are based upon my personal knowledge of the Debtors’ operations gleaned during the course of my engagement with the Debtors; my discussions with the Debtors’ advisors and employees of the Debtors; and my

² Capitalized terms used in this Declaration but not otherwise defined have the meanings given to them in the Motion.

review of relevant documents. If called to testify, I would testify competently to each of the facts set forth in this Declaration.

6. In connection with my role as CRO, I have been provided with certain company records relevant to this Motion, which were contemporaneously generated on or around a monthly basis and kept and maintained by certain of the Debtors' employees in the ordinary course of business. These documents reflect:

- A. Sears tracked its eligibility for an "EDA Credit" received from the Village of Hoffman Estates, Illinois, based on the number of workers with 35 or more hours a week employed by Sears, by contractors of Sears, and by tenant companies at its Hoffman Estates campus; and
- B. Sears calculated the number of such workers at its Hoffman Estates campus each month by adding: (1) the number of Sears employees working 35 or more hours per week at its Hoffman Estates campus (a number which does not include any Sears employees working in Chicago), (2) the number of employees of tenant companies at the Hoffman Estates campus working 35 or more hours per week, (3) the number of contractors working 35 hours or more per week at the Hoffman Estates campus, and (4) the number of building, or OTB, contractors working more than 35 hours per week at the Hoffman Estates campus.
- C. The total number of such EDA Credit-qualifying workers and contractors at the end of each month in 2017 was:

Month	EDA Credit- Qualifying Jobs
January 2017	5,868
February 2017	5,547

Month	EDA Credit- Qualifying Jobs
March 2017	5,511
April 2017	5,485
May 2017	5,369
June 2017	5,312
July 2017	5,147
August 2017	4,730
September 2017	4,733
October 2017	4,698
November 2017	4,445
December 2017	4,435

7. On November 27, 2017 and January 2, 2019, at the request of the Village of Hoffman Estates, the Debtors provided the Village with letters regarding the EDA distribution for 2017, certifying that at no time in 2017 did the requisite number of jobs at the Hoffman Estates campus dip below the requisite 4,250 jobs.

8. Attached hereto as **Exhibit 1** is a true and correct copy of the “Sears Holdings Corp Associate Count-EDGE (Economic Development for a Growing Economy)” report, as of January 31, 2017 (SEARS_EDA_000001). The first tab states that there were 4,411 Sears full-time employees located within Illinois (Hoffman Estates and Chicago) on that date. The second tab lists the location city for each such employee; 55 were located in Chicago. Note that this report was created to track compliance with the Economic Development for a Growing Economy Tax Credit Act (the “**EDGE Act**”), 35 ILCS §§ 10/5-1 et seq.—a separate tax-incentive statute pursuant to which Sears was required to employ a minimum of 4,250 full-time Sears employees at its corporate headquarters. As a result, the report does not include EDA-qualifying employees of tenant companies, contractors, or building/OTB contractors working 35 hours or more per week. As set forth in the Occupancy Data Report transmitted by Jennifer Mendoza, Sears’s Manager of Business Process/Operations Integration to recipients including Jon Bredemeir, Sears’s Senior

Director of Real Estate and Corporate Services on September 19, 2017 (attached hereto as Exhibit 13), there were 1,512 such tenant employees and contractors in January 2017, meaning that with those categories of workers included, the total number of EDA-qualifying jobs as of January 31, 2017 was 5,868.

9. Attached hereto as **Exhibit 2** is a true and correct copy of the “Sears Holdings Corp Associate Count-EDGE (Economic Development for a Growing Economy)” report, as of March 1, 2017 (SEARS_EDA_000003). The first tab states that there were 4,298 Sears full-time employees located within Illinois (Hoffman Estates and Chicago) on that date. The second tab lists the location city for each such employee; 53 were located in Chicago. This report was created to track compliance with the EDGE Act, and does not include EDA-qualifying employees of tenant companies, contractors, or building/OTB contractors working 35 hours or more per week. As set forth in the Occupancy Data Report transmitted by Jennifer Mendoza to various recipients including Mr. Bredemeier on September 19, 2017 (attached hereto as Exhibit 13), there were 1,302 such tenant employees and contractors in February 2017, meaning that with those categories of workers included, the total number of EDA-qualifying jobs as of March 1, 2017 was 5,547.

10. Attached hereto as **Exhibit 3** is a true and correct copy of the “Sears Holdings Corp Associate Count-EDGE (Economic Development for a Growing Economy)” report, as of March 29, 2017 (SEARS_EDA_000004). The first tab states that there were 4,288 Sears full-time employees located within Illinois (Hoffman Estates and Chicago) on that date. The second tab lists the location city for each such employee; 53 were located in Chicago. This report was created to track compliance with the EDGE Act, and does not include EDA-qualifying employees of tenant companies, contractors, or building/OTB contractors working 35 hours or more per week. As set forth in the Occupancy Data Report transmitted by Jennifer Mendoza to various recipients

including Mr. Bredemeier on September 19, 2017 (attached hereto as Exhibit 13), there were 1,276 such tenant employees and contractors in March 2017, meaning that with those categories of workers included, the total number of EDA-qualifying jobs as of March 29, 2017 was 5,511.

11. Attached hereto as **Exhibit 4** is a true and correct copy of the “Sears Holdings Corp Associate Count-EDGE (Economic Development for a Growing Economy)” report, as of April 30, 2017 (SEARS_EDA_000006). The first tab states that there were 4,265 Sears full-time employees located within Illinois (Hoffman Estates and Chicago) on that date. The second tab lists the location city for each such employee; 56 were located in Chicago. This report was created to track compliance with the EDGE Act, and does not include EDA-qualifying employees of tenant companies, contractors, or building/OTB contractors working 35 hours or more per week. As set forth in the Occupancy Data Report transmitted by Jennifer Mendoza to various recipients including Mr. Bredemeier on September 19, 2017 (attached hereto as Exhibit 13), there were 1,276 such tenant employees and contractors in April 2017, meaning that with those categories of workers included, the total number of EDA-qualifying jobs as of April 30, 2017 was 5,485.

12. Attached hereto as **Exhibit 5** is a true and correct copy of the “Sears Holdings Corp Associate Count-EDGE (Economic Development for a Growing Economy)” report, as of May 31, 2017 (SEARS_EDA_000007). The first tab states that there were 4,236 Sears full-time employees located within Illinois (Hoffman Estates and Chicago) on that date. The second tab lists the location city for each such employee; 53 were located in Chicago. This report was created to track compliance with the EDGE Act, and does not include EDA-qualifying employees of tenant companies, contractors, or building/OTB contractors working 35 hours or more per week. As set forth in the Occupancy Data Report transmitted by Jennifer Mendoza to various recipients including Mr. Bredemeier on September 19, 2017 (attached hereto as Exhibit 13), there were 1,186

such tenant employees and contractors in May 2017, meaning that with those categories of workers included, the total number of EDA-qualifying jobs as of May 31, 2017 was 5,369.

13. Attached hereto as **Exhibit 6** is a true and correct copy of the “Sears Holdings Corp Associate Count-EDGE (Economic Development for a Growing Economy)” report, as of June 30, 2017 (SEARS_EDA_000008). The first tab states that there were 4,181 Sears full-time employees located within Illinois (Hoffman Estates and Chicago) on that date. The second tab lists the location city for each such employee; 49 were located in Chicago. This report was created to track compliance with the EDGE Act, and does not include EDA-qualifying employees of tenant companies, contractors, or building/OTB contractors working 35 hours or more per week. As set forth in the Occupancy Data Report transmitted by Jennifer Mendoza to various recipients including Mr. Bredemeier on September 19, 2017 (attached hereto as Exhibit 13), there were 1,180 such tenant employees and contractors in June 2017, meaning that with those categories of workers included, the total number of EDA-qualifying jobs as of June 30, 2017 was 5,312.

14. Attached hereto as **Exhibit 7** is a true and correct copy of the “Sears Holdings Corp Associate Count-EDGE (Economic Development for a Growing Economy)” report, as of July 31, 2017 (SEARS_EDA_000009). The first tab states that there were 4,043 Sears full-time employees located within Illinois (Hoffman Estates and Chicago) on that date. The second tab lists the location city for each such employee; 47 were located in Chicago. This report was created to track compliance with the EDGE Act, and does not include EDA-qualifying employees of tenant companies, contractors, or building/OTB contractors working 35 hours or more per week. As set forth in the Occupancy Data Report, transmitted by Jennifer Mendoza to various recipients including Mr. Bredemeier on September 19, 2017 (attached hereto as Exhibit 13), there were 1,151

such tenant employees and contractors in July 2017, meaning that with those categories of workers included, the total number of EDA-qualifying jobs as of July 31, 2017 was 5,147.

15. Attached hereto as **Exhibit 8** is a true and correct copy of the “Sears Holdings Corp Associate Count-EDGE (Economic Development for a Growing Economy)” report, as of August 31, 2017 (SEARS_EDA_000010). The first tab states that there were 3,645 Sears full-time employees located within Illinois (Hoffman Estates and Chicago) on that date. The second tab lists the location city for each such employee; 44 were located in Chicago. This report was created to track compliance with the EDGE Act, and does not include EDA-qualifying employees of tenant companies, contractors, or building/OTB contractors working 35 hours or more per week. As set forth in the Occupancy Data Report transmitted by Jennifer Mendoza to various recipients including Mr. Bredemeier on September 19, 2017 (attached hereto as Exhibit 13), there were 1,129 such tenant employees and contractors in August 2017, meaning that with those categories of workers included, the total number of EDA-qualifying jobs as of August 31, 2017 was 4,730.

16. Attached hereto as **Exhibit 9** is a true and correct copy of the “Sears Holdings Corp Associate Count-EDGE (Economic Development for a Growing Economy)” report, as of September 30, 2017 (SEARS_EDA_000011). The first tab states that there were 3,525 Sears full-time employees located within Illinois (Hoffman Estates and Chicago) on that date. The second tab lists the location city for each such employee; 43 were located in Chicago. This report was created to track compliance with the EDGE Act, and does not include EDA-qualifying employees of tenant companies, contractors, or building/OTB contractors working 35 hours or more per week. As set forth in the email from Amita Agarwal of the SG&A Group to various recipients including Robert Riecker, Chief Financial Officer of Sears Holdings Corporation, dated November 7, 2017

(attached hereto as Exhibit 14), with those categories of workers included, Sears calculated that the number of EDA-qualifying jobs as of September 30, 2017 was 4,733.

17. Attached hereto as **Exhibit 10** is a true and correct copy of the “Sears Holdings Corp Associate Count-EDGE (Economic Development for a Growing Economy)” report, as of October 31, 2017 (SEARS_EDA_000012). The first tab states that there were 3,477 Sears full-time employees located within Illinois (Hoffman Estates and Chicago) on that date. The second tab lists the location city for each such employee; 42 were located in Chicago. This report was created to track compliance with the EDGE Act, and does not include EDA-qualifying employees of tenant companies, contractors, or building/OTB contractors working 35 hours or more per week. As set forth in the email from Amita Agarwal to various recipients including Mr. Riecker, dated November 7, 2017 (attached hereto as Exhibit 14), with those categories of workers included, Sears calculated that the number of EDA-qualifying jobs as of October 31, 2017 was 4,698.

18. Attached hereto as **Exhibit 11** is a true and correct copy of the “Sears Holdings Corp Associate Count-EDGE (Economic Development for a Growing Economy)” report, as of November 30, 2017 (SEARS_EDA_0000013). The first tab states that there were 3,408 Sears full-time employees located within Illinois (Hoffman Estates and Chicago) on that date. The second tab lists the location city for each such employee; 41 were located in Chicago. This report was created to track compliance with the EDGE Act, and does not include EDA-qualifying employees of tenant companies, contractors, or building/OTB contractors working 35 hours or more per week. As set forth in the email from Amita Agarwal to various recipients including Mr. Riecker dated December 14, 2017 (attached hereto as Exhibit 14), with those categories of workers included, Sears calculated that the number of EDA-qualifying jobs as of November 30, 2017 was 4,445.

19. Attached hereto as **Exhibit 12** is a true and correct copy of the “Sears Holdings Corp Associate Count-EDGE (Economic Development for a Growing Economy)” report, as of December 31, 2017 (SEARS_EDA_0000014). The first tab states that there were 3,379 Sears full-time employees located within Illinois (Hoffman Estates and Chicago) on that date. The second tab lists the location city for each such employee; 40 were located in Chicago. This report was created to track compliance with the EDGE Act, and does not include EDA-qualifying employees of tenant companies, contractors, or building/OTB contractors working 35 hours or more per week. As set forth in the email from Amita Agarwal to various recipients including Mr. Riecker dated December 14, 2017 (attached hereto as Exhibit 14), with those categories of workers included, Sears calculated that the number of projected EDA-qualifying jobs as of December 31, 2017 was 4,435.

20. Attached hereto as **Exhibit 13** is a true and correct copy of an Occupancy Data Report, transmitted by Jennifer Mendoza, Sears’s Manager of Business Process/Operations Integration to recipients including Jon Bredemeir, Sears’s Senior Director of Real Estate and Corporate Services on September 19, 2017 (SEARS_EDA_0000015). The first tab contains badge data reflecting the number of tenant employees, contractors, and building or OTB contractors working at the Hoffman Estates campus for each month through August 2017. Combined, there were 1,512 such tenant employees and contractors in January 2017; 1,302 in February 2017; 1,276 in March 2017; 1,276 in April 2017; 1,186 in May 2017; 1,180 in June 2017; 1,151 in July 2017; and 1,129 in August 2017.

21. Attached hereto as **Exhibit 14** is a true and correct copy of an email from Misty Redman of Sears Holdings Corp. to various recipients including Stephen L. Sitley, General Counsel and Chief Compliance Officer at Sears Holdings Management Corporation, dated January

16, 2019 and titled “FW: 12/14 – EDA Credit Status.” (SEARS_EDA_0000017). This document contains, among other things, an email from Amita Agarwal of the SG&A Group to various recipients including Robert Riecker, Chief Financial Officer of Sears Holdings Corporation, dated November 7, 2017 and titled “11/7 – EDA Credit Status,” which calculates the month-ending eligible EDA headcount at the end of September 2017 to be 4,733, and at the end of October 2017 to be 4,698. This document also contains an email from Amita Agarwal to various recipients including Mr. Riecker dated December 14, 2017 and titled “12/14 – EDA Credit Status,” which calculates that the month-ending eligible EDA headcount for November 2017 was 4,445, and forecasts 4,435 at the end of December 2017. The same email contains a table titled “Headcount Breakdown” which describes which categories of employees and contractors that are counted for purposes of EDA eligible headcount.

22. Attached hereto as **Exhibit 15** is a true and correct copy of a letter dated November 27, 2017, from Jonathan Bredemeier, Senior Director of Real Estate and Corporate Services at Sears Holdings Management Corporation, to James H. Norris, Village Manager of the Village of Hoffman Estates, regarding “EDA Distribution.” (SEARS_EDA_0000020). The letter states that as of the date of the letter, over 4,250 jobs exist at the Sears Holdings’ campus in Hoffman Estates, and that at no time in 2017 did the number of jobs dip below the requisite 4,250 jobs.

23. Attached hereto as **Exhibit 16** is a true and correct copy of a letter January 2, 2019, from Stephen L. Sitley, General Counsel and Chief Compliance Officer at Sears Holdings Management Corporation, to James H. Norris, Village Manager of the Village of Hoffman Estates, regarding “EDA Allocation and Distribution of 2017 Tax.” (SEARS_EDA_0000021). The letter states that based on company records, Sears Holdings Corporation, was in compliance with the

jobs requirement of Public Act 097-0636 for the entire 2017 calendar year, and that at no time during calendar year 2017 were the number of jobs fewer than 4,250 jobs.

24. Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge and after reasonable inquiry.

Dated: February 28, 2019
New York, New York

By: /s/ Mohsin Y. Meghji
Mohsin Y. Meghji
Chief Restructuring Officer
Debtors and Debtors in Possession